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STATE FOR GREG MANUEL  
NSC FOR DAVID MCCORMICK  
EB/ESC JAMES EIGHMIE AND NEA  
NSC FOR FEARS

E.O. 12958:N/A

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SUBJECT: INSTITUTIONAL INVESTORS LEARNING JOURNEY (IILJ) VISIT TO  
BRAZIL

¶1. (U) Summary: From September 9-14, a group of pension and endowment fund managers, accompanied by Commerce DAS Ana Guevara, FCS and Treasury Brazil personnel, visited Rio de Janeiro and Sao Paulo on an Institutional Investors Learning Journey (IILJ). The IILJ was organized by the Brazilian Venture Capital Association (ABVCAP) and Brazilian Industrial Development Agency (ABDI), and supported by Commerce ITA. The group, which represented more than US\$300 billion in alternative asset funds, came to learn more about the Brazilian market for private equity investing. This visit is a deliverable under the Commercial Dialogue between Secretary Gutierrez and Minister Jorge, the next meeting of which will take place on October 11, 2007 in Brasilia. End Summary

¶2. (U) The delegation visited Rio from September 9-11. Ambassador Sobel, who had been in the United States, returned specifically to accompany the delegation, since this visit was an important milestone to advance goals set in the Commercial Dialogue by Secretary Gutierrez and Minister Furlan in June 2006.

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¶3. (U) In Rio, the IILJ delegation participated in a macroeconomic briefing by the Treasury Attach, a meeting with Rio Governor Sergio Cabral, a cocktail hosted by ITA with Rio State Secretaries for Finance and Economic Development, as well as meetings with the Brazilian Development Bank (BNDES), the Brazilian SEC, and the Brazilian innovation agency (FINEP). The Ambassador hosted a dinner for the IILJ participants, which provided an opportunity for dialogue with representatives from major U.S. investment banks in Brazil. On September 11, the group visited the Catholic University of Rio (PUC) for a briefing on a new business incubation/private equity initiative and participated in a roundtable with high-ranking executives from the major Brazilian pension funds.

¶4. (U) While in Sao Paulo from September 12-14, the delegation visited the Sao Paulo Stock Exchange (BOVESPA), the Commodities and Futures Exchange (BMF), and held meetings with asset management companies. The group also attended presentations on public equity and private equity investments in Brazil, and concluded its visit with a meeting with the President of Brazilian Central Bank Henrique Meirelles.

¶5. (U) The investors were amazed at the opportunities and rapid growth occurring in Brazil, and several stated that they planned to return. There was a great deal of interest in possibilities presented for private equity.

¶6. (U) This visit will be presented as a deliverable during the

upcoming Commercial Dialogue between Secretary Gutierrez and Minister Jorge on October 11, 2007 in Brasilia. We expect to see an increase in visits by US investors, and an eventual increase in US investment in Brazil - particularly in private equity - as a result

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